## ''PITCHING SOCIALISM''

### HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 11, 1996*

Mr. DUNCAN. Mr. Speaker, many taxpayers around the Nation are being ripped off by mega-millionaire sports team owners who are getting lavish stadiums built largely at public expense. We do not do this for other businesses and should not for sports teams either.

To show how bad these deals are for the taxpayers, I would like to urge my colleagues and other readers of the RECORD to read the following National Review article, ''Pitching Socialism,'' by Raymond J. Keating.

[From the National Review, Apr. 22, 1996]

PITCHING SOCIALISM

(By Raymond J. Keating)

As a federal prosecutor and now mayor of New York, Rudy Giuliani has taken on Wall Street, the Mob, even a number of powerful city unions. But when it's time to talk baseball with George ''The Boss'' Steinbrenner, Giuliani goes weak in the knees.

That's because Steinbrenner is threatening to move the Bronx Bombers to New Jersey unless he gets a new, taxpayer-financed stadium. In a city that has already endured the traumatic departure of the Dodgers and Giants for the West Coast, this bit of brinkmanship is taken quite seriously. The mayor's office, in fact, has suggested the city might be willing to shell out as much as $1 billion for some choice real estate and a new stadium.

The New York Mets like the sound of this action. They are suggesting that a mere $100 million, to help fund a new stadium with a retractable dome, would keep them from moving out to the Long Island suburbs.

While no other city—or state, for that matter—has even considered forking over $1.1 billion to subsidize multi-millionaire owners and athletes, stadium socialism is a serious problem across the nation. Maryland taxpayers, for example, are being socked for almost $300 million—some of the money to partly finance a new stadium for the Washington Redskins, and some to fully finance a new stadium for the former Cleveland Browns.

The public in general does not support such plans, despite the popularity of professional sports. A national poll conducted by Media Research & Communications recently found that 80 percent of Americans oppose the use of their tax dollars for sports stadiums and arenas.

The politicians, however, mesmerized by the glamour of pro sports and the prospect of increased revenue, seem determined to have their way. Very rarely do elected officials schedule referenda on government financing and ownership of sports facilities. And in some instances, when they have done so and the votes have not gone their way, they have changed the rules in mid game. Last September, Seattle voters turned down a proposal that would have hiked taxes to pay for a new stadium for the Mariners and for repairs to the Kingdome, home of the Seahawks. A month later, state and local officials ignored the vote and approved a $320-million plan for the Mariners' park.

The economic justification for government-financed sports facilities has always been based more on spin than on substance. First, the team or elected officials will hire a consulting firm to produce studies predicting substantial economic benefits from a new stadium or arena. These studies rely on the Keynesian notion of an ''economic multiplier''—the justification for every government ''stimulus project'' in the past half-century. The calculation works by taking the dollars ''invested'' in building a facility, adds an estimate of money to be spent by spectators at each event, and multiplies the results by an additional number to arrive at an estimate of increased economic activity.

The problem is that the multiplier effect is all but impossible to measure accurately. Judgments about the catalytic effects of dollars moving through the economy amount to nothing more than statistical guesswork (a dirty little secret of the economic profession). Indeed, it is doubtful that any real multiplier effect occurs at all, because of something called the ''substitution effect.''

Simply put, the substitution effect holds that leisure dollars—that fairly limited amount of income that a family will devote to entertainment—will be spent one way or another. If there is no ballpark for a family to go to, then it will spend those dollars on some other activity, like a movie or a concert. Government-funded stadiums, then, turn out at best to be zero-sum games—a simple shifting of limited resources.

This larger economic picture, however, is usually lost on politicians bedazzled by the bustling markets for red hots and frozen yoghurt in places like Camden Yards and Jacobs Field.

The politicians are also oblivious to the negative effects of the higher taxes needed to pay for these facilities—like rising private-sector costs and diminished incentives for working, investing, and risk-taking. Government ventures usually wind up being net economic losses in the long run.

The Toronto Skydome, opened in 1989, is a prime example. A recent report from the Pioneer Institute notes that as the Skydome was constructed, cost overruns boosted the Ontario taxpayers' portion of the total bill from $120 million to $322 million. The government's share in the Skydome was eventually privatized in 1992 for $120 million—a considerable loss.

A spate of books, as well as independent studies from groups like the Heartland and Pioneer Institutes and the Brookings Institution, have expressed skepticism about economic growth owing to taxpayer-funded sports facilities. The most recent study, a 1994 Heartland Institute analysis conducted by economist Robert Baade, concluded that ''professional sports is not statistically significant in determining economic growth rates.'' There is ''no support for the notion that there is an economic rationale for public subsidies to sports teams and stadium and arena construction.'' Sports teams and their facilities are largely byproducts, not sources, of economic growth.

Two other negative effects of government-owned sports facilities have become painfully obvious. First, because teams rent rather than own their stadiums, they are turning into transients, tearing up community roots (witness the Cleveland Browns) in a dash for new taxpayer-financed stadiums, relocation payments worth tens of millions, and even taxpayer-guaranteed profits (as in the deal that enticed the Los Angeles Rams to move to St. Louis).

Second, team owners and players, insulated by taxpayers from the cost of stadium financing, are doing extremely well without having to exert themselves to meet the demands of their market. Fans know intuitively that something is wrong when mediocre ballplayers sign multi-million-dollar deals, or ticket prices remain the same when the team is forty games out of the playoffs.

Despite general public disapproval and a lack of supporting economic arguments, even a number of conservatives have pushed for government financing of sports facilities. Leading welfare reformer Gov. Tommy Thompson of Wisconsin has kept the Milwaukee Brewers on the dole, lobbying hard for a new taxpayer-financed ballpark. And Massachusetts Governor William Weld's support for a government-financed stadium/convention center in Boston calls into question his self-proclaimed supply-sider status. Even George Will has gone native. In the January 22 Newsweek, he wrote favorably of the state-built home of the Baltimore Orioles.

While real conservatives have to love the tradition of the ballpark—the game, the hot dogs, the chatter—sentiment shouldn't dim our rationality. Markets work. If new stadiums and arenas have economic value, individuals acting in the marketplace will see that such facilities are built without any government intervention. San Francisco voters, in fact, have held fast. They have voted down taxpayer-funded stadiums on four separate occasions, and now the Giants are privately financing a new ballpark. Rudy Giuliani and his counterparts across the nation should take note, and stand up to Boss Steinbrenner and the other owners. When it comes to corporate welfare, just say no.

## THE 2000 CENSUS

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 11, 1996*

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 21, 1996 into the CONGRESSIONAL RECORD.

THE 2000 CENSUS

The results of the year 2000 census will provide a snapshot of America. The census—which collects information not only on population, but on race, income, housing and family size—will affect all Americans. The changing nature of America, as reflected in the 2000 census, will alter the political and economic realities of the United States for decades to come.

The Constitution requires that the population be counted every ten years. Census results determine the number of seats each state has in the U.S. House of Representatives. Boundaries of congressional and state legislative districts, as well as school boards and city council districts, are redrawn based on census data. Federal aid to states is based on population figures. The census also benefits the private sector by providing businesses with information about consumers.

PROBLEMS WITH THE 1990 CENSUS

The Census Bureau is exploring new approaches to gathering information for the 2000 census. Previously, the Census has counted the number of Americans by, first, sending questionnaires to every known address in the country and, second, by sending ''enumerators'' door-to-door to try to get responses from people who did not respond to their questionnaires.

There is general agreement that this approach had its drawbacks in the last census. It proved very costly, and missed many people, 4 million citizens by one estimate. Undercounting was a particular problem in rural and inner city areas where people tend to be harder to reach. In addition, fewer people responded to the questionnaire. The number of responses dropped from a 1970 level of 85% to 63%. The Census had to hire additional enumerators to count those who didn't respond, adding significantly to the cost of the census. All told, the 1990 census